

~~SECRET~~NIO/EA
INCOMING
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OO RUEAIB
 ZNY SSSSS ZOC STATE ZZH
 OO RUEHC RUMJPG RUMJNG RUEHCR RUMJSA RUEHIN
 DE RUEHC #4497 2502218
 ZNY SSSSS ZZH
 O P 072100Z SEP 83
 FM SECSTATE WASHDC
 TO RUMJPG/AMEMBASSY BEIJING IMMEDIATE 4019
 INFO RUMJNG/AMCONSUL HONG KONG PRIORITY 2944
 RUEHCR/AMCONSUL GUANGZHOU 5648
 RUMJSA/AMCONSUL SHANGHAI 8722
 RUEHIN/ AIT TAIPEI FROM AIT WASHDC 7410
 BT
 S E C R E T STATE 254497

EXDIS

E.O. 12356DECL:OADR
 TAGS:ETRD, EAGR, CH
 SUBJECT:CHINESE PURCHASE OF US GRAIN

REF: BEIJING 13656

1. (SECRET - ENTIRE TEXT)

2. AT THE CONCLUSION OF A MEETING CALLED TO ADDRESS ANOTHER TOPIC, EA DEPUTY ASST SECRETARY BROWN QUESTIONED CHINESE CHARGE HU DINGYI ON SEPTEMBER 6 CONCERNING CHINA'S OBLIGATION UNDER THE LTA TO PURCHASE 6 MILLION TONS OF U.S. GRAIN THIS YEAR. OBSERVING THAT HE HAD READ AMBASSADOR HUMMEL'S ACCOUNT OF HIS DEMARCHE TO MOFERT'S WANG PINGXING ON CHINA'S GRAIN PURCHASE (REFTEL), DAS BROWN EMPHASIZED THAT WASHINGTON WAS FOLLOWING THE ISSUE CLOSELY AND WAS SERIOUSLY CONCERNED ABOUT THE IMPLICATIONS CHINESE NON-COMPLIANCE WITH THE LTA COULD HAVE FOR OTHER ECONOMIC RELATIONS. IN LIGHT OF THIS, HE ASKED HU FOR HIS BEST ESTIMATE OF WHEN A CHINESE DELEGATION MIGHT ARRIVE IN THE U.S. AND WHAT INSTRUCTIONS IT MIGHT CARRY FOR PURCHASE OF U.S. GRAIN THIS YEAR.

3. HU, ACKNOWLEDGING THAT HE HAD ALSO READ AN ACCOUNT OF AMBASSADOR HUMMEL'S DEMARCHE, RESPONDED ALONG THE LINES OF WANG PINGXING'S ARGUMENT. HU SAID THAT HE EXPECTED A CHINESE DELEGATION TO ARRIVE "IN THE VERY NEAR FUTURE" ALTHOUGH HE HAD NO PRECISE INFORMATION ON DATES OR ITS INSTRUCTIONS. HU MAINTAINED THAT CHINA'S PURCHASE OF ONLY 2.5 MILLION TONS WAS ATTRIBUTABLE TO "SPECIAL CIRCUMSTANCES" -- THE TEXTILE ISSUE -- AND THAT PRACTICAL PROBLEMS OF HANDLING AND TRANSPORTATION ARISING FROM CHINA'S LATE ENTRY INTO THE GRAIN MARKET WOULD PROBABLY PRECLUDE CHINA'S PURCHASE OF 6 MILLION TONS THIS YEAR. NEVERTHELESS, HU CONTINUED, CHINA HAD PURCHASED APPROXIMATELY 8 MILLION TONS IN BOTH 1981 AND 1982, SO THE TOTAL PURCHASE FOR THE YEARS 1981-83 WOULD AVERAGE IN EXCESS OF THE OBLIGATORY 6 MILLION TONS PER YEAR.

4. DAS BROWN UNDERSCORED AMBASSADOR HUMMEL'S REJOINDER TO MOFERT THAT THE AGREEMENT CONTAINS NO PROVISION WHATSOEVER

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FOR AVERAGING, AND WHILE THE U.S. OBVIOUSLY WELCOMED
CHINA'S LARGE PURCHASE OF GRAIN IN EARLIER YEARS IT WOULD
BE OBLIGED TO REGARD CHINA'S FAILURE TO DO SO IN 1983 AS
A VIOLATION OF THE LETTER AND THE SPIRIT OF THE AGREEMENT.
SUCH ACTION, HE REITERATED, WOULD HAVE A DELETERIOUS
IMPACT UPON THE U.S. ECONOMIC COMMUNITY WHICH COULD SPILL
OVER INTO OTHER AREAS. TO THIS, HU MERELY ECHOED
MOFERT'S RESPONSE TO AMBASSADOR HUMMEL THAT CHINA WOULD
DO ITS BEST AND PURCHASE AS MUCH GRAIN AS POSSIBLE THIS
YEAR. EAGLEBURGER
END OF MESSAGE

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